

JAN 10 1964

Approved For Release 2000/08/24 : CIA-RDP75-00001R000100320006-6

CIA 6-01 (Soviet Econ)
Econ 1 USSR
CIA 1-03 Chretien, Paul
CIA 5-03.1

Unprecedented News Conference

CPYRIGHT CIA Pricks Russ Economy Bubble

WASHINGTON (UPI)—The U.S. Central Intelligence Agency has emerged from its cloak of secrecy and stuck a dagger in the Kremlin-made image of the Soviet economy.

In an unprecedented news conference the agency, which traditionally never talks, told reporters Thursday that Russia is "falling behind in the economic race" and needs \$2 billion worth of machinery and equipment from the West to build promised new industries.

RUSSIA'S ANNUAL economic growth, CIA said, was 2 1/2 per cent in both 1962 and 1963, com-

pared with 6 per cent a year in for new program to expand Russia's chemical and fertilizer industries. CIA estimated this year of 3.7 per cent. Russia says its "national income," a similar growth measurement, rose 6 per cent in 1962.

The Soviet agricultural output, CIA said, dropped 4 per cent in 1962 and probably more than that in 1963; the rate of expansion of fixed investment, on which growth depends, has been cut in half and Russian gold reserves have dwindled from \$3 billion in 1956 to under \$2 billion.

Soviet Premier Nikita S. Khrushchev announced on Dec. 17 that

the world of "several hundred million dollars a year," perhaps \$2 billion for the seven-year program.

AND BECAUSE of the lowered gold reserves, the U.S. agency said, Russia has been angling for more credits and longer repayment terms from the West. The United States has been trying to persuade its allies to hold these credits to five-years repay-

ment time.

On top of it all, CIA officials said, Russia's foreign aid costs are going up because of increased drawings on commitments made in past years.

The basic cause of the economic problems, the agency said, is that Russia has been operating programs "too ambitious" for available resources.

Why did CIA suddenly break its tradition of silence? CIA's new information man, Paul M. Chretien, said a number of officials including President Johnson felt the information on the Soviet economy was basic to issues of foreign policy in the United States and all the free world.

*This was not in the UPI
dispatch. My guess is that
it was added at the
request of someone in State*

Done